97TH CONGRESS } HOUSE OF REPRESENTATIVES { REPORT
2d Session } { No. 97-519

AVIATION INSURANCE

MAY 17, 1982.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. HOWARD, from the Committee on Public Works and Transportation, submitted the following

REPORT

[To accompany H.R. 5930]

[Including the cost estimate of the Congressional Budget Office]

The Committee on Public Works and Transportation, to whom was referred the bill (H.R. 5930) to extend the aviation insurance program for five years, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

The reported bill renews the authorization for the aviation insurance program, generally known as the "war risk" insurance program. The program was first authorized in 1951 and has been renewed seven times. The current authorization will expire on September 30, 1982.

Under the War Risk Insurance Program (Title XIII of the Federal Aviation Act) the government provides insurance to airlines providing service between the United States and a foreign country when there are security problems and commercial insurance is unavailable. Before insurance is issued, the Secretary of Transportation must determine that insurance cannot be obtained on reasonable terms and conditions from a United States insurance company and the President must determine that continuation of the air service operations to be insured is necessary to carry out the foreign policy of the United States.

There are two authorized insurance programs, premium and non-premium. Under the premium program, insurance is issued by the Federal Aviation Administration and the insured airline pays a premium for the coverage. Under the non-premium program, insurance is issued to airlines operating under contract to government departments, such as the Department of Defense's Military Airlift Command contracts. Under this program, there is no premium, but the contracting government department agrees to indemnify the Department of Transportation for any claims which are paid.

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The War Risk Insurance Program is supported by a revolving fund which includes all premiums received for insurance and any sums appropriated to the program. The salaries of employees working on the program are paid out of the fund. The fund has not required appropriations in recent years.

The Aviation Subcommittee held hearings on April 21, 1982 on renewal of the War Risk Insurance Program. The hearings indicated that although it has not been necessary to issue insurance during the five years since the program was last renewed, there have been occasions in which a cutoff of private insurance appeared imminent and on these occasions FAA was mobilized to issue war risk insurance immediately, if necessary. The hearings also disclosed that the revolving fund now has a balance of $22 million.

Renewal of the war risk program is supported by the Administration and by the Air Transport Association, representing U.S. scheduled airlines. There has been no opposition to renewal.

The reported bill renews the War Risk Insurance Program for five years. Although it has not been necessary to issue war risk insurance during the last five years, the program has been useful as a backup for our foreign policy. There is always a possibility that private insurance companies will be unwilling to insure air service to a foreign country in which there are security problems. United States airlines cannot be expected to run the risk of providing air service without insurance. Without a government backup program, airlines might be unable to provide service which was needed to carry out the foreign policy of the United States.

Cost of the Legislation

In accordance with rule XIII(7) of the rules of the House of Representatives, the following information is furnished.

The reported bill renews the authorization for appropriations in support of the aviation insurance program. However, during the past ten years of the program no appropriations have been required and the administrative expenses of the program have been paid for from a revolving fund supported by premiums on insurance issued under the program. In the future, appropriations will be necessary only if it becomes necessary to issue insurance and the balance in the revolving fund (currently $22 million) is inadequate to pay claims on the insurance.

Compliance With Clause 2(1) of Rule XI of the Rules of the House of Representatives

(1) With reference to clause 2(1)(3)(A) of rule XI of the Rules of the House of Representatives, no separate hearings were held on the subject matter of this legislation by the Subcommittee on Investigations and Oversight. However, the Subcommittees on Aviation held hearings on this subject on April 21, 1982.

(2) Clause 2(1)(3)(B) of rule XI of the Rules of the House of Representatives requires that the report of any committee on a meas-

ure shall include a statement required by section 308(a) of the Congressional Budget Act of 1974, if the measure provides new budget authority or new or increased tax expenditures.

With respect to section 308(a)(1)(A), the concurrent resolution on the budget for fiscal year 1983 is not yet finalized; when finalized, the budget authority included in this bill will fall within the transportation function totals of the resolution.

With respect to section 308(a)(1)(B), budget outlays associated with the budget authority provided in the bill are estimated to be those which appear in the report of the Congressional Budget Office.

With respect to section 308(a)(1)(C) of the Congressional Budget Office Act of 1974, the new budget authority provided in the reported bill is for the staffing and operating expenses of the Aviation Insurance Program.

(3) With respect to clause 2(1)(3)(C) of rule XI of the Rules of the House of Representatives, the Committee has received a report prepared by the Congressional Budget Office under section 403 of the Congressional Budget Act.

The report is as follows:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, D.C., May 13, 1982.

Hon. JAMES J. HOWARD,
Chairman, Committee on Public Works and Transportation, U.S. House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to Section 403 of the Congressional Budget Act of 1974, the Congressional Budget Office has reviewed H.R. 5930, a bill to extend the aviation insurance program for five years, as ordered reported by the House Committee on Public Works and Transportation, May 11, 1982.

This program provides aviation insurance coverage in a limited number of high risk environments for which commercial coverage is unavailable. In the absence of a major loss covered by this program, the aviation war risk insurance fund is expected to generate net receipts of approximately $2 million a year for the next five years, primarily from interest earned by the investment of accumulated funds in U.S. securities.

Should the Committee so desire, we would be pleased to provide further details on this estimate.

Sincerely,

ALICE M. RIVLIN,
Director.

(4) With respect to clause 2(l)(3)(D) of rule XI of the Rules of the House of Representatives, the Committee has not received a report from the Committee on Government Operations pertaining to this subject matter.

(5) With respect to clause 2(l)(4) of rule XI of the Rules of the House of Representatives, the following information is provided.

The effects of carrying out H.R. 5930 should be minimal with respect to costs and prices.

Committee Action and Vote

The Committee in compliance with rule XI (2)(l)(B), the majority of the Committee having actually been present, reports favorably the bill, H.R. 5930, as amended. The bill was ordered reported by voice vote.

Changes in Existing Law Made by the Bill, as Reported

In compliance with clause 3 of Rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

Section 1312 of the Federal Aviation Act of 1958

Termination of Title

Sec. 1312. The authority of the Secretary to provide insurance and reinsurance under this title shall expire at the termination of September 30, [1982.] *1987.*

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97TH CONGRESS } HOUSE OF REPRESENTATIVES { REPORT
2d Session } { No. 97-531

AUTHORIZATION OF NONPERFORMING ARTS FUNCTIONS OF THE KENNEDY CENTER

MAY 17, 1982.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. HOWARD, from the Committee on Public Works and Transportation, submitted the following

REPORT

[To accompany H.R. 5566]

[Including cost estimate of the Congressional Budget Office]

The Committee on Public Works and Transportation, to whom was referred the bill (H.R. 5566) authorizing appropriations to the Secretary of the Interior for services necessary to the nonperforming arts functions of the John F. Kennedy Center for the Performing Arts, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment strikes out all after the enacting clause of the bill and inserts a new text which appears in italic type in the reported bill.

NEED FOR LEGISLATION

Section 10 of the Public Buildings Act of 1972, Public Law 92-313, approved June 16, 1972, added a new subsection (3) to section 6 of the John F. Kennedy Center Act, as amended. The subsection directs the Secretary of Interior, acting through the National Park Service to provide maintenance, security, information, interpretation, janitorial, and other services necessary to the nonperforming arts functions of the John F. Kennedy Center for the Performing Arts. It authorized such sums as may be necessary to carry out these functions, but only for the fiscal year ending June 30, 1973. Subsequent acts of the Congress have amended that subsection to provide funds through fiscal year 1981.

H.R. 5566, as reported, authorizes to be appropriated to the Secretary of Interior $4,247,000 for services necessary to the nonperforming arts functions of the John F. Kennedy Center for the fiscal year ending September 30, 1983.

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H643-2

The National Park Service is responsible for the maintenance, repair, security and administration of numerous Presidential memorials in the Nation's Capital. Thus, the Congress directed upon enactment of Public Law 92–313 that those memorial-type functions of the Kennedy Center be administered under the supervision of the National Park Service. Subsequently, the Park Service and the Kennedy Center entered into an agreement whereby the Park Service is allocated 76.2 percent of the operation and maintenance costs of the John F. Kennedy Center for the Performing Arts and the Kennedy Center is allocated 23.8 percent. The agreement between the Park Service and the Kennedy Center, developed in 1971, is based on the hours that the building is expected to be used for memorial and performing arts functions.

The Committee notes that the transmittal letter from the United States Department of Interior to the Honorable Thomas P. O'Neill, Jr., Speaker of the House of Representatives, dated February 5, 1982, enclosing a draft bill "authorizing appropriations to the Secretary of the Interior for services necessary to the nonperforming arts functions of the John F. Kennedy Center for the Performing Arts" requested an appropriation of $3,986,000 for the fiscal year ending September 30, 1983. The letter referred to follows:

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., February 5, 1982.

Hon. THOMAS P. O'NEILL, JR.,
Speaker of the House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: Enclosed is a draft bill "Authorizing appropriations to the Secretary of the Interior for services necessary to the nonperforming arts functions of the John F. Kennedy Center for the Performing Arts, and for other purposes."

We recommend that the draft bill be referred to the appropriate committee for consideration, and that it be enacted.

Under subsection (e) of the John F. Kennedy Center Act (72 Stat. 1698, 1699; 20 U.S.C. 76h, 76*l*), the Secretary of the Interior is required to provide all services necessary to the nonperforming arts functions of the John F. Kennedy Center for the Performing Arts, including informational, interpretation, janitorial, maintenance, and security services. However, the Congress has only authorized and appropriated funds to the National Park Service through September 30, 1982, for the nonperforming arts functions of the Kennedy Center.

The enclosed draft bill would amend the appropriation authorization in subsection (e) of the John F. Kennedy Center Act to authorize an appropriation of $3,986,000 for the fiscal year ending September 30, 1983. Such an authorization and appropriation would enable the National Park Service to continue to carry out its responsibilities for the nonperforming arts functions for the Kennedy Center through September 30, 1983, as provided in the President's 1983 budget.

The Office of Management and Budget has advised that this legislative proposal is in accord with the program of the President.

Sincerely,

WILLIAM H. COLDIRON,
Acting Secretary.

Enclosure.

A BILL authorizing appropriations to the Secretary of the Interior for services necessary to the nonperforming arts functions of the John F. Kennedy Center for the Performing Arts, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (e) of section 6 of the John F. Kennedy Center Act (72 Stat. 1698, 1699; 20 U.S.C. 76h, 76*l*) is amended by striking out the period in the last sentence and adding in lieu thereof ", and not to exceed $3,986,000 for the fiscal year ending September 30, 1983.".

During a hearing held by the Subcommittee on Public Buildings and Grounds on H.R. 5566, on May 5, 1982, Manus J. Fish, Director of the National Park Service for the Department of the Interior stated that the Office of Management and Budget had approved the fiscal 1983 budget rejquest by the National Park Service in the amount of $3,986,000. He indicated the reduced level of federal support for fiscal 1983 assumes that the present cost-sharing formula will be renegotiated, in order to reduce the portion paid by the National Park Service. The fiscal 1983 request assumed a cost-share formula of 70 percent for the National Park Service and 30 percent for the Kennedy Center Board. Mr. Fish further stated the Administration had recently agreed with the Board of Trustees of the John F. Kennedy Center for the Performing Arts that the cost-sharing formula remain at the current level for fiscal year 1983, and that a task force of interested parties review the cost sharing formula in the broader context of the Center's overall financial situation involving its public service and performing arts responsibilities, its bond indebtedness, and other related issues, and report to the Congress for the fiscal year 1984 budget. Mr. Fish further stated the administration would support an increase of $261,000 in additional funding to be appropriated to the National Park Service for fiscal year 1983, thereby, raising the fiscal year 1983 Administration request to $4,247,000 necessary for the National Park Service to carry out its nonperforming arts functions at the John F. Kennedy Center for the Performing Arts.

Subsequently, the committee received a letter from the Office of Management and Budget as follows:

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF MANAGEMENT AND BUDGET,
Washington, D.C., May 13, 1982.

Hon. DON H. CLAUSEN,
Committee on Public Works and Transportation, House of Representatives, Washington, D.C.

DEAR DON: In response to your inquiry, the administration supports an authorization of $4,247,000 for fiscal year 1983 National Park Service funding of the John F. Kennedy Center for the Performing Arts.

Sincerely,

DAVID A. STOCKMAN, *Director.*

The committee expects that the appropriate revision of the President's budget for fiscal year 1983 will have been transmitted to the Congress before this legislation is considered on the floor of the House.

The committee expects that any future proposed change in the cost-sharing formula between the National Park Service and the John F.

Kennedy Center for the Performing Arts not be undertaken prior to consultation with the House Committee on Public Works and Transportation and the Senate Environment and Public Works Committee.

COMPLIANCE WITH CLAUSE 2(l) OF RULE XI OF THE RULES OF THE HOUSE OF REPRESENTATIVES

(1) With reference to clause 2(l)(3)(A) of rule XI of the Rules of the House of Representatives, no separate hearings were held on the subject matter of this legislation by the Subcommittee on Oversight and Review. However, the Subcommittee on Public Buildings and Grounds held hearings on this subject matter which resulted in the reported bill.

(2) With reference to clause 2(l)(3)(B) of rule XI of the Rules of the House of Representatives the bill, as reported, does not provide new budget authority or increased tax expenditures.

(3) With reference to clause 2(l)(3)(C) of rule XI of the Rules of the House of Representatives, the Committee has received a report prepared by the Congressional Budget Office under section 403 of the Congressional Budget Act. The report is as follows:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, D.C., May 13, 1982.

Hon. JAMES J. HOWARD,
Chairman, Committee on Public Works and Transportation, U.S. House of Representatives, 2165 Rayburn House Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to Section 403 of the Congressional Budget Act of 1974, the Congressional Budget Office has prepared the attached cost estimate for H.R. 5566, a bill authorizing appropriations to the Secretary of the Interior for services necessary to the nonperforming arts functions of the John F. Kennedy Center for the Performing Arts, and for other purposes.

Should the committee so desire, we would be pleased to provide further details on this estimate.

Sincerely,

ALICE M. RIVLIN,
Director.

CONGRESSIONAL BUDGET OFFICE—COST ESTIMATE

1. Bill number: H.R. 5566.

2. Bill title: A bill authorizing appropriations to the Secretary of the Interior for services necessary to the nonperforming arts functions of the John F. Kennedy Center for the Performing Arts, and for other purposes.

3. Bill status: As ordered reported by the House Committee on Public Works and Transportation, May 13, 1982.

4. Bill purpose: The bill authorizes the appropriation in fiscal year 1983 of $4.247 million for the nonperforming arts functions of the John F. Kennedy Center for the Performing Arts.

5. Cost estimate:

	Millions
Authorization level:	
Fiscal year:	
1983	$4.2
1984	-----
1985	-----
1986	-----
1987	-----
Estimated outlays:	
Fiscal year:	
1983	3.3
1984	0.5
1985	0.4
1986	-----
1987	-----

The costs of this bill fall within budget function 300.

6. Basis of estimate: The authorization level is that stated in the bill and it is assumed that the full amount will be appropriated prior to the start of fiscal year 1983. Outlays are estimated based on historical spending patterns for these activities.

7. Estimate comparison: None.

8. Previous CBO estimate: On May 10, 1982, the Congressional Budget Office prepared a cost estimate for S. 2134, the companion version of this bill, as ordered reported by the Senate Committee on Environment and Public Works. That bill authorized the appropriation of $4.0 million for the nonperforming arts functions of the John F. Kennedy Center for the Performing Arts.

9. Estimate prepared by: Anne E. Hoffman.

10. Estimate approved by:

C. G. NUCKOLS
For James L. Blum,
Assistant Director for Budget Analysis.

(4) With reference to clause 2(l)(3)(D) of rule XI of the Rules of the House of Representatives, the Committee has not received a report from the Committee on Government Operations pertaining to this subject matter.

(5) With reference to clause 2(l)(4) of rule XI of the Rules of the House of Representatives, the committee makes the following statement in regard to the inflationary impact of the reported bill:

The enactment of this legislation will have no inflationary impact on the prices and costs in the operation of the national economy.

COST OF LEGISLATION

Rule XIII 7 of the Rules of the House of Representatives requires a statement of the estimated costs to the United States which would be incurred in carrying out H.R. 5566 as reported, in fiscal year 1983 and each of the following 5 years. The committee estimate of these costs, in terms of authorizations contained in the bill, is $4,247,000 in fiscal year 1983. The estimates of outlays contained in the report of the Congressional Budget Office is considered reasonable.

Committee Action and Vote

The Committee in compliance with rule XI2(l)(B), the majority of the Committee having actually been present, reports favorably the bill, H.R. 5566, as amended. The bill was ordered reported by a voice vote.

Changes in Existing Law Made by the Bill, as Reported

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

Section 6 of the John F. Kennedy Center Act

ADMINISTRATION

Sec. 6. (a) The Board is authorized to adopt an official seal which shall be judicially noticed and to make such bylaws, rules, and regulations, as it deems necessary for the administration of its functions under this Act, including, among other matters, bylaws, rules, and regulations relating to the administration of its trust funds and the organization and procedure of the Board. The Board may function notwithstanding vacancies and twelve members of the Board shall constitute a quorum for the transaction of business.

(b) The Board shall have all the usual powers and obligations of a trustee in respect of all trust funds administered by it.

(c) The Board shall submit to the Smithsonian Institution and to Congress an annual report of its operations under this Act, including a detailed statement of all public and private moneys received and disbursed by it.

(d) The Board shall transmit to Congress a detailed report of any memorial which it proposes to provide within the John F. Kennedy Center for the Performing Arts under authority of paragraph (5) of section 4 of this Act, and no such memorial shall be provided until the Board of Regents of the Smithsonian Institution shall have approved such memorial.

(e) The Secretary of the Interior, acting through the National Park Service, shall provide maintenance, security, information, interpretation, janitorial and all other services necessary to the nonperforming arts functions of the John F. Kennedy Center for the Performing Arts. There is authorized to be appropriated to carry out this subsection not to exceed $2,800,000 for the fiscal year ending June 30, 1976, $741,000 for the transition period ending September 30, 1976, $3,100,000 for the fiscal year ending September 30, 1977, and $4,000,000 for the fiscal year ending September 30, 1978. There is authorized to be appropriated to carry out this subsection not to exceed $4,200,000 for the fiscal year ending September 30, 1979. There is authorized to be appropriated to carry out this subsection not to exceed $4,287,000, for the fiscal year ending September 30, 1980, and not to exceed $4,400,000 for the fiscal year ending September 30, 1981, and not to exceed $4,544,000 for the fiscal year ending September 30, 1982[.], *and not to exceed $4,247,000 for the fiscal year ending September 30, 1983.*

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